

**FLOOD CONTROL ADVISORY BOARD
MINUTES**

June 26, 2002

Vice Chairman Ward called the monthly meeting of the Flood Control Advisory Board to order at 2:00 p.m. on Wednesday, June 26, 2002.

Board Members Present: Scott Ward, Vice Chairman; Melvin Martin; Ross Blakley (for Tom Callow), Ex Officio; Tom Sands (for Paul Cherrington), Ex Officio.

Board Members Absent: Hemant Patel, Chairman; Shirley Long, Secretary; Mike Saager.

Staff Members Present: Mike Ellegood, Chief Engineer and General Manager; Julie Lemmon, General Counsel; Tom Johnson, Deputy Chief Engineer; Dick Perreault, CIP/Policy Branch Manager; Scott Vogel, Project Manager; Afshin Ahouraiyan, Planning Project Manager; Kelli Sertich, Planning Project Manager; Michael Alexander, Financial Budget Analyst; Russ Miracle, Planning Branch Manager; Charlie Klenner, O&M Division Manager; Ernie Hamer, Public Works Inspector; Shewa Shivaswamy, Construction Project Manager; Kathy Smith, Clerk of the FCAB; Lorena Mosso, Customer Service Representative.

Guests Present: Larry Broyles, City of Glendale; Jon Girand, Huitt-Zollars; Andrea Gorman, Entellus; Anna Leyva-Easton, City of Mesa; Bill Puffer, Mesa HOA; Dale Richards, Earth Tech.

1) FCD EMPLOYEE OF THE QUARTER

There was a three-way tie for Employee of the Quarter for the Second Quarter. Russ Miracle, Planning Branch Manager, introduced Afshin Ahouraiyan; Charlie Klenner, O&M Division Manager, introduced Ernie Hamer (who is retiring from the District in July); and Tom Johnson introduced Shewa Shivaswamy. Congratulations to each of these employees.

2) APPROVAL OF THE MINUTES OF THE MEETING OF MAY 22, 2002

ACTION: It was moved by Mr. Martin and seconded by Mr. Sands to approve the minutes as submitted. The motion carried unanimously.

3) BETHANY HOME OUTFALL CHANNEL CONSTRUCTION IGA

Scott Vogel, Project Manager, presented IGA FCD 2002A003 for the Bethany Home Outfall Channel Construction between the District and the cities of Glendale and Phoenix. This IGA identifies the responsibilities for cost sharing, construction, construction management, and operation and maintenance of the Bethany Home Outfall Channel and Camelback Road Storm

Drain. The estimated cost of construction and construction management identified in the IGA is \$37,800,000 to be shared by the District, the City of Glendale and the City of Phoenix.

Discussion:

Martin: Isn't part of that project in Peoria?

Vogel: No, the entire project is within the cities of Glendale and Phoenix.

Martin: So it's south of where the Peoria line is. Where you are talking about downtown Glendale, they are currently redoing Grand Avenue. Isn't that going to take care of any of that flooding?

Vogel: I've been in a few of the meetings for ADOT and it's my understanding that the changes are bare bones. They are attempting to make drainage no worse along Grand Avenue due to their intersection improvements, but not necessarily to improve the situation.

Martin: I thought they were running a huge pipe through there, so it has to be drainage of some kind. Is it about 55th Avenue where you are talking about the flooding on Grand Avenue?

Vogel: That's correct - 55th Avenue and Bethany Home Road. We have been coordinating with ADOT in an attempt to extend our project in and construct some of the improvements with their project. Unfortunately, our project will not be completed until about 2009 and ADOT is ready to go with their improvements, so we can't provide the benefit to them in the time they need it.

Martin: I'm shocked that they're not running drainage that far up. They've got a huge drainage structure at 27th Avenue.

Vogel: We do have a representative here from the City of Glendale that may be able to speak a little more on ADOT's improvements.

Larry Broyles, Glendale City Engineer: ADOT, in the Grand Avenue improvements through the City of Glendale, is only providing for storm drainage relief for the state highway that is coming off of Grand Avenue. They are not providing any relief for the storm drainage outside of their right-of-way.

Martin: Mike, how would that work?

Ellegood: Without looking at their plans, I can't speak to it technically. I can tell you that when I was a project manager on Grand Avenue improvements, and the area in through Glendale, near the City Hall, typically floods. The railroad and railroad embankment creates ponding there and generally creates a mess. I haven't spoken with ADOT on this subject in probably five years. I do know that the philosophy that ADOT has had, typically, is to try not to get saddled with having to correct all the drainage problems that occur throughout the state. But rather to use a strategy to make it no worse than it currently is. We have been successful in the past in partnering with ADOT and MCDOT where we can pay a little extra and have them increase the capacity of a channel with the idea that we would use it.

Martin: The engineering is done on this project, right?

Vogel: We received authorization for the storm drain in Bethany Home Road to be designed, and that design has been done by the City of Glendale. We're not yet complete on final plans for the first portion of the outfall channel. Basically, we know how much water gets there and we know how big it needs to be, but if we are looking for ADOT to partner with us, then the timeline just doesn't work out.

Martin: I understand that. There's going to be an overpass at 55th Avenue, right?

Broyles: That's correct - at 55th Avenue and Maryland?

Martin: You would think that would be coordinated into our flood plan.

Broyles: ADOT is planning detention areas at 55th Avenue & Maryland that could eventually drain into the Bethany Home Outfall Channel. As far as the plan to extend the Bethany Home Outfall Channel, there is just no funding available to get it up to that area.

Ward: When this area was developed, was it archaic research that didn't prepare for this flooding? Were there no retention basins incorporated into the platting and development of this area?

Broyles: The City of Glendale did not have a storm drain ordinance in effect until, I believe 1986, and the majority of development in this area was prior to that, so there were no retention requirements during that time.

Ward: Scott, what is the District paying for those homes? Have we done appraisals on those?

Vogel: What we've done is looked at the assessed value of the homes and factored a ratio onto that. We have budgeted approximately \$7 million to \$8 million to acquire those 72 homes.

ACTION: It was moved by Mr. Martin and seconded by Mr. Blakley to approve staff recommendations. The motion carried unanimously.

4) SPOOK HILL AREA DRAINAGE MASTER PLAN

Afshin Ahouraiyan, Planning Project Manager, presented Resolution FCD 2002R008, for the Spook Hill Area Drainage Master Plan. The Project Goals are to identify regional flooding problems and develop a flood control plan to mitigate the flooding and to provide 100-year flood protection to the Buckhorn-Mesa Watershed.

The benefits of the recommended alternative will be to provide regional flood protection for approximately 5.5 square miles of watershed; there will be no disturbance to the Uesry Mountain Park; no relocation of residents or businesses; and will provide 100-year flood protection.

Challenges include the availability of funds, availability of land, and traffic issues.

Mr. Ahouraiyan acknowledged one of the members of the Citizens Committee, Mr. Bill Puffer, in attendance at today's meeting.

Discussion:

Ward: This is an area I know very well. I own property in this area, so Julie, I have a conflict. I developed a project out there called Madrid. It took me 18 months to move through the County from preliminary plat to final plat because of the off-site flows that affected this site. I've conducted business with Mr. Puffer. Bill, do you want to come up and tell us a little bit about your background and how this area is affected and then maybe we can have some discussion.

Bill Puffer, Citizens Committee Chair: I've lived in that area for 12 years and I've been active in development issues in that area as the Chair of the Spook Hill Neighborhood Action Association. As Afshin mentioned, we had a lot of discussion, particularly at the one public meeting that led to a re-review of 13 new options. We received a lot of input, we had public attending the committee meetings and then we had a couple of public meetings to get input. Residents in that area are in support of the plan that Afshin has outlined. We feel there is definitely a need. We are very concerned because as areas upstream develop, the areas downstream suffer. Most of the residents there haven't experienced a major storm yet. Most of them are concerned that when one eventually does come, this kind of a plan will certainly reduce damage and problems in the area.

Lemmon: Mr. Chairman, since you declared a conflict, I just want you to know the State law now says that you are not suppose to participate actively in the discussion. You can lead the discussion and take questions, but you should abstain from actively participating.

Sands: Julie, if Scott abstains from discussion, does he also abstain from voting to approve it?

Lemmon: Yes, you'd still be able to pass it because your quorum would then be a majority of those who are here eligible to vote, but he will not be able to vote either. Thank you for disclosing that, Mr. Chairman.

Martin: Where did this score at when we scored them?

Dick Perreault: I don't remember the exact score, but I believe it scored well because we identified that there was a need and I believe the original estimate was about \$30 million, but it did receive a lot of positive recommendation from the prioritization committee.

Martin: What will we look like budget-wise if we approve it?

Ellegood: We will be entering into a partnership with the City of Mesa in order to fund this. The City of Mesa has said that they don't have funds for the project at this time; nevertheless, we think it's essential that we move forward and adopt it as a plan to provide whatever level of protection we can for the properties out there. The Achilles' heel in this project is the land that has been identified for basins. Much of this land is for sale. It appears that these sites, although they are some of the few open sites remaining, probably are good sites for commercial properties. We're afraid we are going to lose them if we don't do something to adopt it. Quite frankly, if you were to adopt this today, we will continue to negotiate with the City of Mesa in an effort to have them identify funding. Presumably when that occurs then we could identify our share through our Board of Directors and we can move forward with construction. Clearly, there is a series of things that have to occur. We have to acquire the land first. Secondly, Mesa must identify a source of funds and Mr. Puffer and others in the community out there could help facilitate that. We've got to identify funds and can do so reasonable and quickly. It did score reasonably well and there is community interest in it. To answer the question, "Do we have the money to build?" The answer is no.

Blakley: My understanding is that what you are proposing is just a support of the plan and then you would be coming back to the Board later with the worked out IGA's, etc.

Ellegood: That's correct.

Blakley: You said there is about 5 ½ square miles impacted – what percentage of that falls within the City of Mesa?

Ahouraiyan: It's a good combination. We have an area that's mainly Maricopa County and an area that's mainly City of Mesa. The other issue is that if the plan gets implemented, there are other pieces of empty land right now (one of which is state land) which has the potential of being developed. We are proposing a drainage facility right next to their land, so we can actually ask some of the developers, maybe through some negotiations, to help implement parts of these plans once they start coming into development. Currently, the challenge is to get this adopted so that this gets noted in all the title searches in that area so people who are interested in purchasing land would know that there is this plan.

Sands: What you're asking us for approval for is to adopt the Resolution, but it appears the Resolution includes acquiring the right-of-way, am I reading that correctly.

Ahouraiyan: Yes, it would.

Sands: Is that spending money to acquire the right-of-way?

Ahouraiyan: It would give us an opportunity to start talking to some of the landowners.

Sands: Beyond talking to them, it's acquiring the right-of-way?

Ahouraiyan: Yes, it would be, pending funds being available.

Sands: It appears that it also authorizes the engineering of the project?

Ahouraiyan: Yes.

Sands: With respect to those two items, how much money are we at risk, if funding is never approved for the construction of the project?

Ellegood: I think our exposure, if we were to acquire property out there, is not very great. We would simply sell the property if it didn't go. With respect to the engineering fees, I would estimate the engineering costs at probably \$2 million if the whole thing were done. I don't think we'd go to engineering until we had a funding partner. I'm quite concerned about the continued availability of that property. I spoke with Mike Hutchinson, City Manager of the City of Mesa, and said that we need to figure out how we are going to protect that property or this entire effort is going to be wasted. Mr. Hutchinson indicated that he had some concerns with funding, where the money was going to come from. I certainly would not propose, until we had a funding partner, that we move forward with engineering.

Martin: You wouldn't buy the land unless you had Mesa as a 50/50 partner?

Ellegood: If I had the money to buy the land, I would, because I don't think I'd lose money. Under the worst of circumstances, it would be a good investment. I would recommend that we acquire it. We don't have the money identified at this point to buy the land with or without Mesa.

Martin: Would you buy it or take an option on it?

Ellegood: I hadn't considered an option and perhaps we should do that. I'll ask my property people to advise me on that. I don't think we've typically done that, but that may be a good option.

Ahouraiyan: I'd like to acknowledge the presence of one of my cohorts from the City of Mesa – Ms. Ana Leyva-Easton. She's here representing the City of Mesa.

Ward: Could I ask Ms. Leyva-Easton to speak on what Mesa's position is?

Leyva-Easton: Our council is in favor of this project. The same as you, our priority is to get this adopted. What we're looking toward is to a March 2004 Bond Election where our Storm Sewer Bonds are going to be up once again. We are hopeful that the Bond Election will pass and with that we will have funding to start implementing the project. The City's focus, too, is to acquire that land within the next year. We are going to try to find the money somewhere. Our priority is to get the land and then construction would follow when we have funding.

ACTION: It was moved by Mr. Martin and seconded by Mr. Sands to approve staff recommendations. The motion carried unanimously with the exception of Mr. Ward who abstained for cause.

5) COMPREHENSIVE PLAN 2002 – FLOOD CONTROL PROGRAM REPORT

Mike Ellegood said that periodically the Flood Control District is required by District Statutes and the Community Rating System to develop a Comprehensive Plan. Kelli Sertich, Planning Project Manager, presented the Comprehensive Plan. There are four main objectives as to why this plan is done. First is to pull a lot of information together that the District has for public education. Second is the need to meet State Statute requirements for a report every five years. Third is to meet the requirements of the Flood Insurance Program Community Rating System. And, fourth to identify the magnitude of the future fiscal needs. The goal of the Comprehensive Plan is to get the information about the District out to the public. The Plan tells about the first 40 years of the District. It takes a look at population statistics. The County population was pretty level up to the 1970's and then the County had a great population increase and the District had to deal with that. In the future, the District will not see great increases in revenue but will see rapid growth.

Mr. Ellegood said that this is probably the single most important planning document that the District has put together. It includes elements from the Business Plan, the Strategic Plan, and meets both the Statutory and Community Rating System requirements. Mr. Ellegood encouraged the Advisory Board members to take time to look at the full Comprehensive Plan.

Discussion

Sands: Are there any plans for public presentations on this Plan? I'm thinking like ASCE, APWA, etc.

Ellegood: Public meetings are part of the adoption process. I don't know that we've gotten to the point of identifying agencies like APWA, although that would certainly be a fine venue because our contemporaries are active in that and they would have a good understanding of what we do. We should take a look at that.

Sands: I know that ASCE has their annual meeting coming up on October 25. I think Tom did a presentation last year or a couple years ago on flood control activities and it was very well received.

Ellegood: Thank you for that comment; it was certainly very well taken.

ACTION: No action was required – for information and discussion only.

6) FY 2002 – DISTRICT FINANCIAL STATUS UPDATE

Michael Alexander, Financial Budget Analyst, presented an update on year-to-date May for the FY 01/2 Budget. The sluggishness in the economy over the last 12 to 18 months has primarily affected the District in their collections of property taxes and in-lieu-of payments and also with the District's project partners. Mr. Alexander said he expects to end the year with about \$15 million in partner participation, which would also include invoices mailed but not received. Although the \$11.7 million variance looks bad, he does not intend to end the year in that condition – it will be better than it looks. The District will still be under total budgeted revenue. Mr. Alexander asked that the Advisory Board keep in mind the magnitude of the shortfall in revenue as he goes through the expense report. When the District recognized that they were going to have a shortfall in revenue, they started to adjust, not only the CIP, but the operating expenditures, taking a very close look at all of them and only committing to those items they thought were absolutely necessary to achieve the mandates of the District and the District goals for the year.

Expenditures have been held at about 17% under budget, which represents about \$1.5 million. Equipment acquisitions are about \$400,000 below budget; however the District has just received some replacement vehicles into the Equipment Services line item. Mr. Alexander still expects equipment acquisition to be about \$200,000 less than budgeted at the end of the year.

Mr. Alexander said that the District knew early on that the economy was going to affect partner participation in a number of projects. A significant number of District projects have been delayed, mainly because the participating partners were having the same type of financial difficulties that the District was having. Mr. Alexander said that when looking at the reduction in expenses for both the CIP and the Operating Budgets and comparing that to the shortfall in the revenue, the District would end the year with an ending fund balance healthy enough to carry them into FY 2003 in pretty good shape. Mr. Alexander stressed that District staff made a conscience effort to maintain the balance between revenue and expense so that they could maintain the necessary level of the fund balance.

Discussion

Martin: It just goes back to the same thing again – we just adopted a project that is going to take a lot of money and then you've got to find some creative ways of tying up stuff and doing things in a little different manner than what they've done.

Alexander: It takes a constant reassessment of priorities.

Ellegood: You are absolutely correct. At this point, we have exceeded the commitments we've made to the County Administration, Board of Directors and OMB. I have forecasts for the past several years and need to look beyond the \$45 million revenue screen in order to meet what we expect are going to be the needs of our client cities in particular. Some day we'll probably get relief from it, meanwhile we've got to be pretty creative in how we do things. We're looking at ways and means of reducing costs, increasing our partnership opportunities (not only with our client cities but with ADOT and MCDOT), and probably making better utilization of some of our properties in order to generate revenue. We're right on target and I think we've done a fairly

good job managing our resources so we end the year with sufficient funds to carry us through the first quarter of next year.

Martin: I think you should really market your surplus property in a different manner than you do. Usually you've got a sign up there that says this is Flood Control surplus property and if you're interested call so-and-so. That's not really marketing.

Ellegood: Your point is well taken and we have aggressively marketed a number of things. We've advertised on the financial news network on the radio. We've hired brokers and done a better job on those properties that we really feel are prime for adoption. We've been proactive in changing zoning on them, where we felt it increased the value; so we are doing some things. I'm not certain that we are doing all we should be doing. I would certainly invite some of you Board members who are more versed in this than I am to comment and make suggestions.

Martin: I wonder what the Statute would say if you actually marketed the property like those that have commercial property market theirs.

Lemmon: Generally, we can do marketing. Where we seem to run into a problem is when we have to start investing Flood Control District funds into the property to make it more marketable, then we have a problem because our Statute isn't clear that we can invest money say, into infrastructure, so that seems to be where we hit the line. Short of having to make a financial investment, we certainly can be more creative. There doesn't seem to be any restriction on many options. I can't tell you about any option, in particular, without looking at it. We have done more and generally we can do more.

Ward: Mr. Alexander, I want to compliment you. It seems that almost every meeting, and my conversations with you, Mike [Ellegood], have to do with budget. I've gone to Fulton Brock on carrying the torch for the Flood Control District, and it's a very tough time. I really compliment both of you and the rest of your team on tightening the belt and sharpening the pencil in trying to keep the quality staff, the team of really quality engineers that you have to implement flood control protection and management within the County, and still maintain a budget that seems to go down every year.

ACTION: No action was required – for information and discussion only.

7) FY 2003 – BUDGET PREPARATION UPDATE

Michael Alexander further presented where the District stands in the FY 2003 budget preparation cycle. The Board of Directors tentatively approved the Operating Budget last Monday. They approved the CIP Budget some months ago.

Mr. Alexander said that the District expects about \$8.4 million less coming into the new fiscal year than was anticipated when the budget was prepared. One primary area of concern is with partnership revenue - \$5.7 million less than was anticipated. Mr. Alexander thinks that is primarily due to the continuing difficulty that the District's partners are going to experience in their own budgets. The second primary area of concern is in Primary Land Sales. He said the District is expecting \$2.5 million less next year than was in the budget this fiscal year, primarily due to market conditions anticipated to exist for most of next fiscal year. Although the forecasted revenue is a \$8.4 million drop from this year's budget, it is not that great a drop from what Mr. Alexander thinks will come in as revenue this year. Since revenue will be down next year, he asked the Advisory Board to keep in mind that the expense information is driven by revenue. Once the District reduced their excess fund balance, the District has been funded on current year revenue. If a shortfall is seen in revenue, a shortfall or at least a reduction will be seen in expenditures.

When the budget process began, OMB gave the District an Operating Budget target of \$20.9 million. The \$20.9 million compared to an approved budget this year of \$22.1 million, which is a

fairly healthy reduction. The primary reason for this reduction was the elimination of Dam Safety. District management immediately reacted to that and spoke to OMB. OMB said the District could put this in as a Request for Additional Funding, which is what District staff did along with several other requests. The District secured Dam Safety funding, but did not secure funding for new positions, the permitting program, or to restore some of the items voluntarily given up last November. Bottom line is that the District's Operating Budget for next year will be \$21.9 million, as opposed to this year's operating budget of \$22.135 million. Mr. Alexander indicated that this is a pretty substantial drop considering that some of the other items also went up (i.e., labor and mandated programs). Mr. Alexander stated that the District anticipates much greater than budgeted legal expenses and labor expenses will be up.

Mr. Alexander said that the District's reduced revenue this year will drive expenses for next year and also the reduced revenue anticipated next year, will dictate those expenditures. The place this primarily hits is in the CIP. All facets of the CIP will be smaller next year, with the exception of planning & design.

Discussion

Ward: As I told Mike, I threw my hat in the ring to help you generate revenue by additional zoning, entitlements, or whatever we can do to generate more revenue from the sale of excess property.

Ellegood: We appreciate that, Mr. Chairman. There are a couple of significant things in that budget that Mr. Alexander alluded to. One of them is that there will be no salary adjustments this fiscal year and this is countywide. Basically, because of the state budget crunch, the County's revenue has been reduced by \$27 million. Given that, everybody has had to tighten his or her belt. We've had to take hit on benefits costs and the Board of Directors made a decision to adopt the policy that there would be no salary increases this next fiscal year. They did hold out the hope that something may change, in which case they will revise the policy mid-year if need be. That, of course, presents us a challenge of how to attract and retain our good people. It will be a challenge for us but I think we can continue to do this. A number of our senior people are retiring, and as we replace these people, their salaries will be lower, so there will be some money there. We did request additional staffing in our Regulatory Division. Frankly, we are not providing the level of customer service in plan review and inspection that we feel we need to provide. We've got some folks that are literally overworked and spread very thin. We've augmented them by reassigning other staff members from other divisions into the Regulatory Division. We're also augmenting them by hiring consultants, but we find that that's an expensive way to do it.

Martin: Is the \$5 million shortfall due to cities participating with us but not coming up with their cost share agreed to through an IGA?

Ellegood: In most cases they are tied to a specific project and you'll see that they haven't paid, but we haven't built the project.

Martin: There are none where the project is built that we funded and they haven't paid?

Ellegood: I'm not aware of any case where they are stiffing us. It's simply they have a funding problem and we say we can't build the project so we'll defer it.

ACTION: No action was required – for information and discussion only.

8) COMMENTS FROM THE CHIEF ENGINEER AND GENERAL MANAGER

Mike Ellegood advised the Advisory Board that Mr. Saager has resigned after two years on the Board. Mr. Ellegood indicated that he asked Chairman Don Stapley to expedite his replacement and learned just prior to this meeting that Mr. Kent Cooper is his nominee.

Mr. Ellegood mentioned that the stormy weather this morning was a result of tropical moisture that came up from Baja, California. The District's meteorologist, in collaboration with the National Weather Service, feels that the monsoons should begin somewhere towards the end of the first or beginning of the second week of July.

Mr. Ellegood mentioned that the fires have been quite substantial. The Flood Control District volunteered four 3500-gallon water trucks to augment the fire fighting. The trucks have not been asked for at this point and it does not look like they'll be needed. He wanted the Advisory Board members to know that the District is doing what they can to support the efforts to put out the fires.

The National Association of State Floodplain Managers is in town this week. Many District staff have been attending the meetings. There are about 600 people that have come into town and it is quite an impressive gathering of people who do what the Flood Control District does from around the nation. At the start of the meeting, representatives from FEMA nationwide made a presentation to Chairman Stapley acknowledging the District's achievement as a Class 5 Community. Mr. Ellegood showed the plaque that he received on behalf of the District. Mr. Ellegood stated that this standing is quite an achievement. The Community Rating System (CRS) is as close to a report card as any agency gets with respect to how effective they are in Floodplain Management. The fact that the District is a Class 5 Community means that the District is in the top one percent nationwide of all communities that are involved in the CRS. It also means that residents of the unincorporated parts of Maricopa County receive a 25% reduction in their flood insurance, and it's really an acknowledgement and reflection of the services the District provides. Mr. Ellegood publicly acknowledged the work of Shanna Yager. Ms. Yager works in the Regulatory Division and is responsible for the CRS. Mr. Ellegood said that he has an objective to bring up the cities that the District works with for floodplain management to enjoy that same rating.

9) SUMMARY OF RECENT ACTIONS

Actions of the Board of Supervisors were included in the FCAB packet.

10) OTHER BUSINESS AND COMMENTS FROM THE PUBLIC

There was no other business or comments from the public.

The meeting was adjourned at 3:57 p.m. by general consent.

Shirley Long
Secretary of the Board

Kathy Smith
Clerk of the Board